

A medical appliance is defined as an item which is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See 86 Ill. Adm. Code 130.310. (This is a GIL).

December 7, 2000

Dear Xxxxx:

This letter is in response to your letter dated August 3, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I am currently employed in Decatur. I work with the visually impaired and blind. I teach and inform the client of what visual aids are available, to help them to continue to do their daily tasks.

The equipment could be as simple as a magnifier or a talking watch or thermometer. The aid could also be something as technical as a closed circuit TV (CCTV). This CCTV is capable of enlarging the smallest newspaper print to be 3 or 4 inches on the monitor.

I would like to have a ruling on medical equipment because some vendors, in our state, charge the full sales tax amount and some have had a ruling from your office that they should only charge one(1) percent. By vendors I mean doctors or, retail stores or catalog orders. Again, I am only talking about sales within the state of Illinois.

Would you be so kind to send me something in writing so I can share it with all parties involved, whether it is a client or a vendor?

If you have any questions, please do not hesitate to call me.

Items that qualify as medicines and medical appliances are not taxed at the normal State rate of 6.25%. These items are taxed at a lower State rate of 1%. See the enclosed copy of 86 Ill. Adm. Code 130.310. Items subject to this lower tax rate include prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing utensils, syringes, and needles used by diabetics, for human use. A medical appliance is defined as an item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. An example of such a medical appliance is a prosthesis. See part (c) of Section 130.310. Medical devices that are used for diagnostic or treatment purposes do not qualify for the lower tax rate.

You have inquired about low vision products designed to aid the sight of visually impaired individuals. Some of these items may qualify for the low rate of tax. For example, see subsection (c)(2) of Section 130.301 listing eyeglasses and contact lenses as corrective devices that qualify as medical appliances. Magnifying lenses purchased for use by visually impaired persons generally qualify for the low rate of tax. However, items, such as talking watches and thermometers, which do not directly substitute for a malfunctioning part of the body, do not qualify for the reduced rate of tax. We are unable to make a determination regarding the closed circuit television without more information about what it is and how it works. Some personal reading aids have qualified for the low rate of tax.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

MPM:msk
Enc.